

Message Text

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DRAFTED BY EB/AN:JBMAGNOR:CAB:JDEEGAN:BA
APPROVED BY EB/AN:RABROWN
CAB:ERODRIGUEZ
EB/AVP:SKEITER
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O 132226Z DEC 76
FM SECSTATE WASHDC
TO AMEMBASSY LONDON IMMEDIATE

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FOR US CIVAIR DEL

E.O. 11652: N/A

TAGS: EAIR, UK

SUBJECT: CIVAIR: US-UK AVIATION NEGOTIATIONS - AIR FARES

1. AS REQUESTED BY CAB MEMBERS USDEL IN TELCON 12/13,
CAB REVIEWED UKDEL VIEWS RE NORTH ATLANTIC FARES PROBLEM
AND DOES NOT RPT NOT BELIEVE UK SUGGESTIONS ACCEPTABLE.
CAB CONSIDERED UK PROPOSED WINTER FARE PACKAGE WOULD CON-
STITUTE SIGNIFICANT FARE INCREASE FOR 22/45 DAY EXCURSION
FARE PASSENGERS (WHICH CONSTITUTES OVER 40 PERCENT OF
TOTAL TRAFFIC) IN RETURN FOR TOKEN DECREASE IN ECONOMY
AND 14/21 DAY FARES. FAILURE TO INCREASE THE LOW COST APEX
FARE CONTINUES UNECONOMIC FARE STRUCTURE. BOARD INDICATES
IT DOES NOT RPT NOT OPPOSE AMALGAMATION OF TWO EXCURSION
FARES AS A MATTER OF PRINCIPLE. HOWEVER, ANY INCREASE
ESPECIALLY IN THE MAGNITUDE PROPOSED WOULD BE DISRUPTIVE
TO MARKET AT THIS TIME. BOARD BELIEVES NO LEGITIMATE
REASON FOR THE BRITISH EAGERNESS TO INCREASE FURTHER
WINTER FARES NOW ALMOST TWO MONTHS INTO THE SEASON WHEN
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TRAVEL PLANS HAVE ALREADY BEEN MADE BY NUMEROUS PASSENGERS

WHO WERE ORIGINALLY ATTRACTED TO WINTER SEASON TRAVEL IN
LARGE PART BECAUSE OF RELATIVELY LOW OFF-SEASON FARES
FORMERLY AVAILABLE.

2. ADDITIONALLY, CAB VIEWS AMALGAMATION OF THE TWO EX-
CURSION FARES AT WHATEVER LEVEL AS A BASIC STRUCTURAL
CHANGE WHICH IS MORE PROPERLY DISCUSSED WITHIN THE IATA
FRAMEWORK PREFERABLY FOR EFFECT NOT EARLIER THAN
APRIL 1, 1977. EVEN WERE THE DELS ABLE TO AGREE ON
REVISED US/UK WINTER FARES, INCLUDING A 14/45 DAY EXCURSION
AT OR CLOSE TO THE 14/21 DAY LEVEL, IMPLEMENTATION WOULD
DEPEND PARTLY ON THE REACTION OF OTHER CARRIERS AND
COUNTRIES SUCH AS THE FRENCH AND DUTCH WHOSE GATEWAYS
ARE RELATIVELY CLOSE TO LONDON AND WHO COULD UNDERMINE
ANY SUCH NEW 14/45 DAY FARE BY CONTINUING TO OFFER THE
OLD 22/45 DAY FARE AT CURRENT LEVELS. (TO THE EXTENT THE
BRITISH COULD MAKE A NEW HIGHER 14/45 DAY FARE "WORK"
IN THE WESTBOUND DIRECTION BY MAINTAINING AN INADEQUATE
CURRENCY SURCHARGE EX-UK, THE RESULTS WOULD BE EVEN MORE
EGREGIOUS TO US INTERESTS AND TOTALLY UNACCEPTABLE.)

3. CONCERNING BA TARIFF FILING ON CARGO CONTRACT RATES
AND SPECIFIC COMMODITY RATES FROM THE UK TO THE US FILED
FOR EFFECT JANUARY 1 AND JANUARY 5 RESPECTIVELY, NOTICE
OF DISSATISFACTION TRANSMITTED AMEMBASSY LONDON SEPTEL
TODAY.

4. DEPARTMENT AND CAB HAVENO RPT NO OBJECTION IF USDEL
WISHES TO POINT OUT TO UK OFFICIALS THAT SALES BY UK
CARRIERS AT RATES NOT YET IN EFFECT ARE CONTRARY TO US
LAW.

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